



# Department of Justice

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## **CALIFORNIA MAN PLEADS GUILTY TO CONSPIRING TO DEFRAUD THE U.S. ARMY IN SEOUL, KOREA**

WASHINGTON, D.C. – Acting Assistant Attorney General John C. Richter of the Criminal Division announced today that a California man has pleaded guilty to conspiring to defraud the U.S. Army of more than \$300,000.

Fidel Diaz, 49, of Visalia, California, entered the guilty plea yesterday at U.S. District Court in Washington, D.C. to one count of conspiring to defraud the United States. Diaz faces a maximum penalty of up to five years in prison, a three-year term of supervised release, and a fine of \$250,000. Sentencing is scheduled for Nov. 17, 2005.

According to a criminal information filed on July 13, 2005, Diaz was previously employed as an official of the United States Department of Defense (DOD), serving as the Chief of the Supply and Storage Division for the U.S. Army, Department of Public Works (DPW) for United States Forces, Korea. In that capacity, he was responsible for purchasing material by and for the DOD used by the DPW at Camp Giant, Korea. Diaz used his official position in a scheme in which he and his co-conspirators defrauded the U.S. Army of thousands of dollars between 2002 and 2004.

Diaz admitted in his guilty plea that, beginning in 2002, he used his official position to violate DOD contracting rules and falsify numerous purchasing documents, causing the DPW to purchase non-existent electrical transformers from two of his co-conspirators. Diaz used his and his subordinates' official government credit cards to authorize the payment of \$308,978.58 to his co-conspirators' companies from DOD in payment for the acquisition and delivery of 40 electrical transformers that were never delivered to the DPW. In exchange, his co-conspirators gave him more than \$200,000 in cash kickbacks.

This case is being prosecuted by Trial Attorneys James A. Crowell IV and John P. Pearson of the Criminal Division's Public Integrity Section, headed by Section Chief Noel L. Hillman. The case was investigated by the Los Angeles Office of the Federal Bureau of Investigation and the Seattle Office of the Army Criminal Investigation Division.

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